NOTIFICATION.

No. L.D. 241—Legis. 5-52-15, dated Bangalore, 1st May 1952.

167

Ordered that the Employees' State Insurance (Central) Rules, 1950, be re-published in the *Mysore Gazette*, for general information.

By Order of His Highness the Maharaja,

N. R. JAYA RAO,
Legal Remembrancer and Secretary to Government, Law Department.

GOVERNMENT OF INDIA.

MINISTRY OF LABOUR.

NOTIFICATION.

New Delhi, the 22nd June 1950.

S. R. O. 212.—In exercise of the powers conferred by section 95 of the Employees' State Insurance Act, 1948 (XXXIV of 1948), the Central Government is pleased to make the following rules, the same having been previously published as required by sub-section (1) of the said Section, namely :—

RULES

CHAPTER I

1. Short title and extent.—(1) These Rules may be called the Employees' State Insurance (Central) Rules, 1950.

(2) They extend to all the States to which the Act applies and also to those Scheduled Areas to which the Act has been or may hereafter be applied under the Constitution.

2. Definitions.—In these rules, unless there is anything repugnant in the subject or context,—

(1) "the Act" means the Employees' State Insurance Act, 1948 (Act XXXIV of 1948);

(2) "Chairman" means the Chairman of the Corporation, the Standing Committee or the Medical Benefit Council, as the case may be;

(3) "Form" means a form appended to these Rules;

(4) the "Fund" means the Employees' State Insurance Fund;

(5) "Government Securities" means Government Securities as defined in the Indian Securities Act, 1920;

(6) "immovable property" includes land, benefits to arise out of land, things attached to the earth, or permanently fastened to anything attached to the earth;

168

(7) "movable property" means property of every description except immovable property ;

(8) "State Medical Commissioner" means a duly registered medical practitioner including a medical officer in the service of a State Government appointed as such by the Corporation ;

(9) "year" shall mean the financial year, that is to say, the period beginning from the first of April and ending with the thirty-first of March of the year following.

3. Election of members to the Standing Committee.—(1) The Chairman of the meeting shall, at a meeting of the Corporation at which it is proposed to elect members of the Standing Committee under clause (c) of section 8, invite members to propose names from among members of the Corporation belonging to the group from which election is to be made. The names proposed shall be duly seconded by another member of the Corporation.

(2) If the number proposed from any group for election does not exceed the number of vacancies to be filled from that group, the persons whose names have been so proposed shall be declared elected to the Standing Committee.

(3) If the number proposed for election from a group exceeds the number of vacancies to be filled therefrom, each member of the Corporation present at the meeting shall be given a ballot paper containing the names of all the candidates proposed and he shall be required to vote thereon for as many candidates from the group as there are vacancies to be filled up. Not more than one vote shall be given in favour of any one candidate. If any member votes for more candidates than there are vacancies in the group or gives more than one vote in favour of any one candidate, all his votes shall be deemed to be invalid.

(4) The persons getting the highest number of votes shall be declared by the Chairman, at the meeting or as soon thereafter as possible, as duly elected to the Standing Committee :

Provided that where an equality of votes is found to exist between any candidates and the addition of one vote will entitle any of the candidates to be declared to be elected, the determination of the person or persons to whom such one additional vote shall be deemed to have been given shall be made by lot to be drawn in the presence of the Chairman and in such manner as he may determine.

(5) If any question shall arise as to the validity of any election it shall be referred to the Central Government whose decision in the matter shall be final.

4. Restoration to membership.—(1) A member of the Corporation the Standing Committee or the Medical Benefit Council, who ceases to be a member by virtue of section 12, shall be informed of such cessation by a letter sent to him by registered post. The letter shall also indicate that if he desires restoration to membership, he may apply therefor within thirty days from the receipt of the letter.

(2) The application under sub-rule (1) shall indicate the reasons which prevented him from attending three consecutive meetings and shall be addressed to the Chairman concerned.

(3) The application shall be placed before the next meeting of the Corporation, the Standing Committee or the Medical Benefit Council, as the case may be, and if a majority of the members present at such meeting are satisfied that the reasons for failure to attend three consecutive meetings are adequate, he shall be restored to membership immediately after a resolution to that effect is adopted.

(4) The benefit of restoration to membership as provided for in this rule shall be allowed to a member only once during any one term as a member.

169

5. Fees and allowances of members.—(1) A non-official member of the Corporation, the Standing Committee or the Medical Benefit Conncil, as the case may be, residing at the place where a meeting is held shall be allowed the actual expenditure incurred on conveyance subject to a maximum of ten rupees for each day on which he attends one or more meetings.

(2) A non-official member not resident at the place where a meeting is held, shall be allowed travelling and daily allowances in respect of the meetings which he attends at the following rates, namely :—

(i) The travelling allowance shall be—

(*a*) in respect of journeys by air, the actual fare paid and one quarter of the standard air fare for the journey ;

(*b*) in respect of journey by rail, one and a half times the class one railway fare if the journey is performed in that class on payment of full fare, and in other cases the actual railway fare, if any, paid and one half of the class one railway fare, from and to the usual place of business or from and to the place from or to which the journey is actually performed by the member whichever is less ; and

(*c*) in respect of journeys by road performed otherwise than by means of locomotion provided at the expense of Government or the Corporation, at the rate of mileage allowance admissible to officers of the first grade in the service of the Central Government. When the journey is performed by road between places connected by railway, mileage will be limited to what would have been admissible had the member travelled by rail in the ordinary way.

(ii) The daily allowance shall be at the maximum rate admissible to the officers of the first grade in the service of the Central Government and shall be payable in respect of each day on which the member attends one or more meetings :

Provided that the daily allowance shall also be admissible at the full rate for the day immediately preceding the date of commencement of a meeting if the member arrives at the place of the meeting before the afternoon of such preceding day, and also for the day immediately following the last day of the meeting if the member leaves the place of the meeting after the forenoon of such following day.

NOTES.—(1) Travelling or daily allowance shall be allowed if member certifies that he has not drawn any travelling or daily allowance from any other source in respect of the journey and half for which the claim is made.

(2) The daily and travelling allowance shall also be payable in respect of the meetings of any sub-committee set up by the Corporation, the Standing Committee or the Medical Benefit Council.

6. Minimum number of meetings.—(1) The Corporation shall meet at least twice each year.

(2) The Standing Committee and the Medical Benefit Council shall meet at least four times each year.

(3) The Chairman may, whenever he thinks fit, and shall, within fifteen days of the receipt of a requisition in writing from not less than one-half of the members of the body concerned, call a meeting thereof.

(4) Any requisition made under this rule shall specify the object of the meeting proposed to be called.

170

7. Roll of Members.—(1) The Corporation shall maintain a Roll of Members separately for the Corporation, the Standing Committee and the Medical Benefit Council. The name and the address of each member shall be stated therein.

(2) If a member changes his address, he shall notify such change to the Corporation for the correction of his address in the Roll.

8. Notice of meeting and list of business.—(1) The Chairman shall decide the date, time and place of every meeting. A notice of not less than twenty-one days from the date of issue shall ordinarily be given to every membor, of each meeting of the Corporation, the Standing Committee or the Medical Benefit Council, as the case may be. Such notice may be sent to every member by post or in any other suitable manner. A list of business proposed to be transacted shall, after approval by the Chairman, be posted along with the notice. Brief notes on each item of the agenda shall be sent along with the agenda or as soon thereafter as possible. If it is necessary to convene an emergency meeting, a reasonable notice thereof shall be given to every member.

(2) No business other than that for which a meeting is convened shall be considered at that meeting, except with the permission of the Chairman of the meeting.

9. Chairman of the meeting.—The Chairman, or in his absence the Vice-Chairman, if any, of the Corporation, the Standing Committee or the Medical Benefit Council, as the case may be, shall preside at the meetings. In the event of the absence of both the Chairman and the Vice-Chairman, if any, the members present may elect one from amongst themselves to preside.

10. Quorum.—No business shall be transacted at any meeting unless a quorum of eleven members in the case of the Corporation, five members in the case of the Standing Committee and seven members in the case of the Medical Benefit Council, is present :

Provided that if at any meeting there is not a sufficient number of members present to form a quorum, the Chairman of the meeting may adjourn the meeting to a date not later than seven days from the date of the original meeting and it shall thereupon be lawful to dispose of the business at such adjourned meeting irrespective of the number of members attending.

11. Disposal of business.—Any business which requires consideration by the Corporation, the Standing Committee or the Medical Benefit Council shall be considered at a meeting thereof :

Provided that the Chairman may, if he thinks fit, direct that the necessary papers may be referred for opinion to all members ;

Provided further that the decision on any question which is so referred shall be acted upon if supported by not less than a two-thirds majority of the members of the body concerned. In other cases or where the Chairman so decides, the question shall be considered at a duly convened meeting.

12. Proceedings of the meetings.—(1) The proceedings of each meeting, showing *inter alia* the names of the members present thereat, shall be forwarded to each member of the Corporation, the Standing Committee or the Medical Benefit Council, as the case may be, and to the Central Government as soon after the meeting as possible and in any case not later than four weeks after the meeting.

(2) The minutes of each meeting shall be confirmed with such modifications as may be considered necessary at the next meeting.

171

13. Minute-Books.—(1) The minutes of a meeting of the Corporation, the Standing Committee and the Medical Benefit Council shall be kept in separate books (hereinafter referred to as minute-books) and shall be signed by the Chairman of the meeting at which the proceedings are confirmed.

(2) A copy of the minutes so confirmed shall be forwarded to the Central Government within fifteen days from the date of such confirmation.

(3) The minute-books shall be kept open at the principal office of the Corporation during office hours on working days for inspection free of charge by any member of the Corporation.

(4) The minute-book of the Medical Benefit Council shall be kept open at the principal office of the Corporation during office hours on working days for inspection free of charge by any member of the Medical Benefit Council.

14. Powers and duties of the Medical Benefit Council.—The powers and duties of the Medical Benefit Council shall be—

(1) to advise the Corporation in regard to the constitution, setting up duties and powers of the Regional and Local Medical Benefit Councils;

(2) to make recommendations to the Corporation in regard to—

(i) the scale and nature of medical benefit provided at hospitals, dispensaries, clinics and other institutions and the nature and the extent of the medicines, staff and equipment which shall be maintained at such institutions and the extent to which these fall short of the desired standard;

(ii) the medical formulary for use in connection with the medical benefit provided under the Act;

(iii) medical certification including the procedure and the forms for such certification, statistical returns, registers and other medical records;

(iv) measures undertaken for the improvement of the health and welfare of insured persons, and the rehabilitation and re-employment of insured persons, disabled or injured;

(3) to advise the Corporation on any matter relating to the professional conduct of any medical practitioner employed for the purpose of providing medical benefit under the Act.

CHAPTER III

15. Salaries, allowances and conditions of service of the Principal Officers.—(1) The Principal Officers shall receive such salaries as may be determined by the Central Government.

(2) The Principal Officers shall receive dearness allowance, compensatory (city allowance), house rent and other allowances at such rates and such medical benefits as may be sanctioned for the officers of the Central Government on similar salaries in the localities where they are stationed.

(3) The Principal Officers shall be entitled to leave and leave salary under the model leave terms which may, from time to time, be made applicable to the Central Government servants on contract on similar salaries.

(4) The Principal Officers shall be entitled to travelling allowances for journeys performed in the service of the Corporation on the scale provided for

172

in the rules supplementary to the Fundamental Rules applicable to the class of officers to which the Central Government may declare them to correspond in status.

(5) The Principal Officers shall be entitled to the benefit of the Employees' State Insurance Corporation Provident Fund established unde rule 47.

(6) Notwithstanding anything contained in sub-rules (1) to (5), the pay, allowances and other conditions of service of a Principal Officer, if he is a person already in the service of the Government, shall be such as may be determined by the Central Government in each individual case.

16. Powers and duties of the Director-General.—(1) The powers and duties of the Director-General shall be—

(i) to act as the Chief Executive Officer of the Corporation;

(ii) to co-ordinate, supervise and control the work of the other Principal Officers;

(iii) to convene, under the orders of the Chairman, meetings of the Corporation, the Standing Committee and the Medical Benefit Council in accordance with the Act and the Rules and to implement the decisions reached at the meetings;

(iv) to enter into contracts on behalf of the Corporation in accordance with the Act or the Rules or Regulations made thereunder, or the general or special instructions of the Corporation or the Standing Committee;

(v) to furnish all returns and documents required by the Act or the Rules to the Central Government and to correspond with the Central Government and the State Governments upon all matters concerning the Corporation, and

(vi) to undertake such other duties and to exercise such other powers as may from time to time be entrusted or delegated to him.

(2) The Director-General may, with the approval of the Standing Committee, by general or special order, delegate any of his powers or duties under the Rules or the Regulations or under and any resolution of the Corporation or the Standing Committee, as the case may be, to any person subordinate to him. The exercise or discharge of any of the powers or duties so delegated shall be subject to such restrictions, limitations and conditions, if any, as the Director-General may, with the approval of the Standing Committee impose.

17. Powers and duties of the Insurance Commissioner.—The powers and duties of the Insurance Commissioner shall subject to the control of the Director-General be—

(i) to arrange, subject to the control of the Director-General, for the establishment of insurance and Regional offices for the administration of the Act;

(ii) to arrange for inspection of subordinate offices;

(iii) to investigate all complaints referred to by the Regional Boards and the Local Committees, and

(iv) to undertake such other duties and to exercise such other powers as may, from time to time, be entrusted or delegated to him.

173

18. Powers and duties of the Medical Commissioner.—(1) The powers and duties of the Medical Commissioner shall subject to the control of the Director-General be—

(i) to supervise, direct and co-ordinate the working of the medical organisation of the Corporation;

(ii) to advise on the lay-out, planning and construction of hospitals and dispensaries and in regard to sickness recording;

(iii) to examine the records of sickness and accident and to suggest measures for improving health conditions in areas where the Act is in force;

(iv) to conduct such medical research as may be authorised by the Corporation on the advice of the Medical Benefit Council;

(v) to arrange for the inspection of hospitals, dispensaries, clinics and other institutions where medical benefit under the Act is provided by the State Governments, the Corporation or the employers;

(vi) to advise regarding the adequacy of medical treatment provided by the factories or establishments applying for exemption;

(vii) to investigate complaints made by insured persons with regard to medical benefit;

(vii) to devise forms and registers for keeping the records of insured persons by institutions where medical benefit under the Act is provided; and

(ix) to undertake such other duties and exercise such other powers as may, from time to time, be entrusted or delegated to him.

(2) The duties and powers of the Medical Commissioner may be delegated to the State Medical Commissioner with the approval of the Director-General subject to such general or special directions as may be issued from time to time by the Medical Commissioner with the approval of the Director-General.

19. Powers and duties of the Chief Accounts Officer.—The powers and duties of the Chief Accounts Officer shall subject to the control of the Director-General be—

(i) to maintain the accounts of the Corporation and to arrange for the compilation of accounts by the collection of returns from the Centres and Regions;

(ii) to prepare the budget of the Corporation;

(iii) to arrange for internal audit of the accounts of the Centres and Regions and of the receipts and payments thereat;

(iv) to make recommendations for the investment of the funds of the Corporation; and

(v) to undertake such other duties and to exercise such other powers as may, from time to time, be entrusted or delegated to him.

20. Powers and duties of the Actuary.—The powers and duties of the Actuary shall subject to the control of the Director-General be—

(i) to collect, compile and analyse statistics relating to the working of the Corporation;

(ii) to advise the Director-General on all actuarial and statistical problems relating to the working of the Corporation;

174

(iii) to detect and prevent excessive claims; and

(iv) to undertake such other duties and exercise such other powers as may, from time to time, be entrusted or delegated to him.

CHAPTER IV

21. Bank or banks for depositing the Fund.—(1) All moneys accruing or payable to the Fund shall be received by such officers of the Corporation as may be authorised by it in this behalf. The amount so received shall as soon as practicable be acknowledged by a receipt in Form I and deposited in the Reserve or the Imperial Bank of India or such scheduled bank, as may be approved for this purpose by the Central Government, to the account of the Fund:

Provided that any moneys may also be paid directly to the account of the Fund in any such bank.

(2) The receipt book in Form 1 shall be numbered serially by machine and the unused forms shall be kept in the custody of the Chief Accounts Officer or such other officer of the Corporation as may be authorised by the Corporation in this behalf.

22. Procedure for crediting moneys to the Banks.—(1) All moneys accruing or payable to the Corporation shall be credited to the approved bank and not utilised directly for any purpose.

(2) The bank or banks shall be required at the end of every calendar month to furnish to the Corporation or such officer as may be authorised by it in this behalf, a statement of the amounts deposited in and withdrawn from the Fund during the month. These statements shall be examined by the Director-General before the expiry of a period of two months following the period to which the statements relate.

23. Purpose and manner of payment out of the Fund.—(1) The accounts of the Fund shall be operated on by such officers as may be authorised by the Standing Committee with the approval of the Corporation.

(2) No payment shall be made by the bank or banks out of the Fund except on a cheque signed by such officers as may be authorised under sub-rule (1).

(3) Any payment in excess of one hundred rupees shall be made by means of a cheque signed as aforesaid and not in any other way unless specifically authorised by the Standing Committee:

Provided that payment of salaries to the employees of the Corporation drawing a basic salary not exceeding rupees two hundred and fifty a month may be made in cash.

(4) No payment shall be made out of the Fund unless the expenditure is covered by a current budget grant:

Provided that in the absence of a current budget grant, the Corporation may authorise payments either generally or from any particular case:

Provided further that the payment of benefits to insured persons under the provisions of the Act and of the pay and allowances of duly sanctioned posts shall not be withheld for want of a sanctioned budget grant.

24. Circumstances in which cheques may be drawn.—Before any person authorised under rule 23 signs a cheque, he shall satisfy himself that the sum for which the cheque is drawn is—

(i) required for a purpose or work specifically sanctioned by the proper authority and covered by a current budget grant; and

(ii) required for any payment referred to and specified under section 28;

175

Provided that in the absence of a current budget grant, the Corporation may authorise payments either generally or for any particular case:

Provided further that the payment of benefits to insured persons under the provisions of the Act and of the pay and allowances of duly sanctioned posts shall not be withheld for want of a sanctioned budget grant.

25. Acquisition of property.—Subject to the provisions of rule 29 and such conditions as may, from time to time, be laid down by the Corporation, the Director-General may, for the purposes of this Act, acquire on behalf of the Corporation movable or immovable property:

Provided that sanction of the Standing Committee, shall be required for the exchange of any immovable property, for the taking of any property on lease for a term exceeding twelve months, or for the acceptance of any gift or bequest of property burdened by an obligation.

NOTE.—The sanction of the Standing Committee may be given either generally or for any class of cases or specially for any particular case.

26. Disposal of property.—Subject to the provisions of rule 29 and such conditions as may be laid down by the Corporation from time to time, the Director-General may—

(i) dispose of by sale or exchange, any movable property belonging to the Corporation, the value of which does not exceed ten thousand rupees in each case, or grant for any term not exceeding twelve months a lease of any immovable property belonging to the Corporation;

(ii) with the sanction of the Standing Committee, lease, sell or otherwise dispose of any movable or immovable property belonging to the Corporation.

NOTE.—The sanction of the Standing Committee may be given either generally or for any class of cases or specially for any particular case.

27. Investment, transfer or realisation of the Fund.—(1) All moneys belonging to the Fund which are not immediately required for expenses properly defrayable under the Act, may, subject to the approval of the Standing Committee, be invested by the Director-General—

(i) in Government securities including Treasury Deposit Receipts; or

(ii) in securities mentioned or referred to in clauses (a) to (d) of section 20 of the Indian Trusts Act, 1882 (II of 1882); or

(iii) as fixed deposit in the Reserve or the Imperial Bank of India.

(2) Moneys belonging to the Fund shall not be invested in any other manner except with the prior approval of the Central Government.

(3) Any investment made under this rule may, subject to the provisions of sub-rules (1) and (2), be varied, transposed or realised from time to time:

Provided, however, that if such variation, transposition or realisation is likely to result in a loss, the prior approval of the Central Government shall be obtained.

(4) The Central Government may, at any time, direct the vacation in part or in whole, or prohibit investment, in any security or class of securities or any land or building.

(5) All dividends, interest or other sums received in respect of any investment, shall, as soon as possible after receipt, be paid into or credited to the account of the Fund.

176

(6) The expenses of or the loss, if any, arising from any investment shall be charged to the Fund and the profit, if any, from the sale of any investment shall also accrue to the Fund.

(7) The approval under sub-rules (1) and (2) of the Standing Committee or the Central Government, as the case may be, may be given with or without any conditions either generally or in any particular case.

28. Raising and repayment of loans.—(1) (i) The Corporation may in pursuance of a resolution passed at a meeting of the Standing Committee, and with the prior approval of the Central Government, raise loans for the purposes of the Act.

(ii) In particular and without prejudice to the generality of the foregoing power, the Corporation may raise loans—

(a) for the acquisition of land and/or the raising buildings thereon ; or

(b) to repay a loan raised under this rule ; or

(c) for any other purpose approved by the Central Government.

(2) All loans under this rule shall be obtained—

(i) from the Central Government on such rates of interest and such terms as to the time and method of repayment as the Central Government may specify, or

(ii) with the approval of the Central Government, from the Reserve or the Imperial Bank of India or any other scheduled bank.

NOTE.—The approval of the Central Government may be given, with or without any conditions, either generally or for any particular case.

(3) Where a loan is obtained from the Reserve or the Imperial Bank of India as provided in clause (ii) of sub-rule (2), the Corporation may, with the approval of the Central Government, grant mortgages of all or any of the property vested in it for securing the repayment of the sums so advanced, with interest.

(4) All payments due from the Corporation for interest on and repayment of loans shall be made in such manner and at such times as may have been agreed upon :

Provided that the Corporation may apply any sums which can be so applied in repaying any amount due in respect of the principal of any loan although the repayment of the same may not be due.

(5) No expenditure incurred out of a loan shall be charged by the Corporation to capital, except with the previous sanction (or under the direction) of the Central Government.

(6) The Corporation shall submit to the Central Government an annual statement by the thirtieth of April each year showing the loans raised and repayments made during the preceding year.

29. Procedure for execution of contracts.—(1) The Corporation may enter into and perform all such contracts as it may consider necessary or expedient for carrying into effect the provisions of the Act.

(2) Every contract made under or for any purpose of the Act shall be made on behalf of the Corporation—

(i) by the Director-General ; or

(ii) subject to such conditions as it may specify, by such member or officer of the Corporation as it may authorise :

177

Provided that the prior sanction of the Standing Committee shall be obtained in respect of any contract involving an expenditure exceeding ten thousand rupees.

(3) Every contract entered into by any person as provided in sub-rule (2) shall be entered into in such manner and form as would bind him if it were made on his own behalf and may in like manner and form be varied or discharged.

Provided that the Common or official seal, as the case may be, of the Corporation shall be affixed to every contract for amounts exceeding one thousand rupees.

30. Seal.—(1) The common seal of the Corporation shall remain in the custody of the Director-General and shall not be affixed to any instrument except in the presence of the Director-General or two members of the Standing Committee, and the Director-General or the said two members shall sign the contract in token of the fact that the same was sealed in his or their presence.

(2) The Corporation shall have for use at each of such other of its offices as it may specify, an official seal which shall be a facsimile of the common seal of the Corporation with the addition of the name of the office where it is to be used.

(3) The official seal shall not be affixed to any instrument except in the presence of such person or persons as the Standing Committee may authorise in this behalf and such person or persons shall sign the instrument in token of the fact that the same was sealed in his or their presence.

(4) An instrument to which an official seal is duly affixed shall bind the Corporation as if it had been sealed with the common seal of the Corporation.

CHAPTER V.

31. Preparation and submission of annual budget estimates.—(1) The Budget estimates of the Corporation for each financial year beginning on the first of April and ending on the thirty-first of March next shall be prepared by the Chief Accounts Officer in such form as the the Central Government may, from time to time, direct and shall be submitted with his recommendations by the Director-General to the Standing Committee for approval at a meeting of the Standing Committee to be held before the First of October of the preceding year.

(2) A copy of the budget estimates shall be sent to each member of the Standing Committee and of the Corporation at least seven clear days before the meeting of the Standing Committee or the Corporation at which these estimates are to be considered.

(3) The Standing Committee shall consider and approve the budget estimates with such changes as it may consider necessary.

(4) The budget estimates as approved by the Standing Committee shall be placed before a meeting of the Corporation to be held before the twentieth of October of the preceding year.

(5) The budget estimates as passed by the Corporation shall be authenticated by affixing the common seal of the Corporation and shall be submitted to the Central Government under section 32, not later than the first of November next following.

(6) It shall be open to the Central Government to make such alterations in the budget estimates as may be considered necessary before according approval.

(7) The budget estimates as finally adopted by the Corporation and as approved by the Central Government shall be placed before the Parliament by the administrative Ministry concerned and published in the Official Gazette as soon as possible

178

after the Central Government budget estimates have been approved by the Parliament.

32. Supplementary estimates.—The Standing Committee may cause a supplementary estimate to be prepared and submitted to the Corporation, if in respect of any financial year further expenditure is likely to be incurred. Every such supplementary estimate shall be considered and sanctioned by the Corporation and submitted to the Central Government in the same manner as if it were an original annual estimate, not later than the fifteenth of February of the Financial year to which it relates. The provisions of Rule 31 shall, so far as may be, apply to such supplementary estimate.

33. Re-appropriation.—(1) If the Director General finds in the course of the year that there is likely to be an excess of expenditure over the sanctioned budget estimate under any head, he shall examine the allotment under each head of the budget estimate with the object of discovering probable savings under any other head and effecting a re-appropriation. Where such re-appropriation is feasible, he may sanction the re-appropriation subject to such conditions as may be laid down by the Central Government from time to time.

(2) Funds shall not be re-appropriated to meet expenditure on a new service not contemplated in the budget estimates except with the prior approval of the Central Government.

(3) No re-appropriation shall be permitted between the grant sanctioned for administrative expenses, two-thirds of which shall be met by the Central Government, and a grant sanctioned for any other expenditure.

34. Maintenance of accounts.—The Corporation shall maintain complete and accurate accounts in such form as the Standing Committee may, with the approval of the Central Government, specify form time to time. The books shall be balanced on the thirty-first of March each year.

35. Revenue Accounts.—The Corporation shall prepare Revenue Accounts for the financial year ended on the thirty-first March and Balance Sheet as on the thirty-first March, by the thirty-first of May:

Provided that on the application of the Corporation, the Central Government may extend the said date by a period not exceeding thirty days:

Provided further that the Corporation may, and if so required by the Central Government shall, cause to be prepared the Revenue Accounts and the Balance Sheet for any other period or as on any other date.

36. Appointment of Auditors.—The Central Government shall, in any case not later than the thirtieth of April immediately following the close of each financial year, appoint auditors to audit the accounts for the financial year and shall notify their appointment to the Corporation and in the Official Gazette.

37. Production of accounts before the auditors.—The annual accounts shall be set out and produced before the auditors for scrutiny on or before the fifteenth of June each year following the close of the financial year to which they relate:

Provided that on the application of the Corporation, the Central Government may extend the said date by a period not exceeding thirty days.

38. Powers of auditors.—The Corporation shall submit all accounts to the auditors as required by them. The auditors may—

(i) by written notice, require the production before them or before any officer subordinate to them, of any document which they may consider necessary for the proper conduct of their audit;

179

(ii) by written notice, require any person accountable for, or having the custody or control of, any such document, to appear in person before them or before any officer subordinate to them ; and

(iii) require any person so appearing before them or before any officer subordinate to them to make and sign a declaration with respect to such document or to answer any question or prepare and submit any statement.

39. Report of auditors.—The auditor's report on the annual accounts to the Corporation on such date and in such form as the Central Government may specify in this behalf and they shall state whether in their opinion the Balance Sheet is a full and fair Balance Sheet containing all necessary particulars and properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs and in case they have called for any explanation or information from the Corporation or any of its officer whether it has been given and whether it is satisfactory.

40. Consideration of reports of auditors.—The annual accounts together with the auditors' report thereon shall be considered by the Standing Committee and shall, together with an annual report on the work and activities of the Corporation, be placed for adoption at a meeting of the Corporation to be held before the fifteenth of October following the close of the financial year concerned.

41. Authentication of annual accounts and reports.—The annual accounts and reports as adopted by the Corporation shall be authenticated by affixing the common seal of the Corporation and fair copies thereof shall be submitted to the Central Government not later than the first of November next following.

42 Cost of Audit.—The cost of audit shall be paid by the Corporation by such date as may be specified by the Central Government.

43. Publication of accounts.—The Corporation shall publish the annual accounts and the auditors' report thereon together with replies to each item included in the report within three months of their submission to the Central Government.

44. Impropriety or irregularity in accounts.—(1) The auditors shall submit to the Corporation and the Central Government a separate statement, if necessary, in regard to—

(i) any material impropriety or irregularity which they may observe in the expenditure, or in the recovery of moneys due to, or in the accounts of the Corporation ; or

(ii) any loss or waste of money or other property owned by or vested in the Corporation which has been caused by neglect or misconduct, with the names of the persons who in their opinion are directly or indirectly responsible for such loss or waste.

(2) The Standing Committee shall forthwith remedy any defect or irregularity that may be pointed out by the auditors and shall report to the Central Government the action taken by it thereon within ninety days of the receipt of the report of the auditors :

Provided that if there is a difference of opinion between the Standing Committee and the auditors, or if the Standing Committee does not remedy any defect or irregularity within a reasonable period, the Central Government may, and on a reference specifically made therefor, shall, pass such orders thereon as they think fit and the Standing Committee shall thereafter take action in accordance therewith within such time as may be specified by the Central Government.

45. Disallowance of expenditure incurred and surcharge for loss or deficiency.—(1) The Standing Committee or any authority authorised by it in this behalf may

180

after giving the person concerned an opportunity to submit an explanation, and after considering any such explanation, disallow any item of account contrary to the provisions of the Act or of the rules or regulations made thereunder, and surcharge the same on the person making or authorising the making of payment of such account and shall charge against any person accounting, the amount of any deficiency or loss incurred by the negligence or misconduct of that person, or of any sum which ought to have been but is not brought into account by that person, and shall in every such case certify the amount due from such person :

Provided that no certificate made by the authority authorised by Standing Committee shall have effect unless it is approved by the Standing Committee.

(2) The Standing Committee shall state in writing its reasons for every disallowance, surcharge or charge made or approved by it and shall serve a certificate of the amount due and a copy of the reasons for its decision on the person against whom the certificate is made and shall also furnish copies thereof to the Central Government.

(3) Any person aggrieved by a certificate made under this rule may, within one month from the date of the service of the certificate on him under sub-rule (2), file an application to the Central Government for setting aside or modifying the disallowance, surcharge or charge in respect of which the certificate was made.

(4) On receipt of an application under sub-rule (3) or on its own motion, the Central Government may, after making such inquiry as may be necessary, pass such order as it thinks fit either confirming, modifying or setting aside the disallowance, surcharge or charge in respect of which the certificate was made, and the Standing Committee shall thereupon take action in accordance with such order within such time as may be specified by the Central Government.

(5) The Central Government may by order direct that all further action under the certificate made under this rule shall be stayed until the disposal of the matter pending before it under sub-rule (4).

46. Recovery of amounts certified to be due.—(1) Every sum certified to be due from any person by the Standing Committee or if the certificate has been modified by the Central Government, the sum shown to be due from such person in the modified certificate, shall be paid by such person to the Corporation within three months after he has been served with the certificate of the Standing Committee ; or within such longer period as may be allowed by the Central Government ; any such sum, if not so paid, shall be recovered as if it were an arrear of land revenue.

(2) Any sum or part of a sum so paid or recovered, the certificate in respect of which is set aside or modified, shall, as the case may require, be wholly or partly refunded to the person who paid it.

CHAPTER VI.

47. Establishment of Provident Fund.—The Corporation shall establish, maintain and contribute to a Provident Fund called the Employees' State Insurance Corporation Provident Fund (hereinafter referred to as the Provident Fund) in respect of its employees other than those whose services are placed at the disposal of the Corporation by the Central or State Government.

48. Administration of the Provident Fund.—The Provident Fund shall be administered by the Standing Committee of the Corporation or by any other Committee approved by it for the purpose and subject to such conditions as it may deem fit to impose.

49. Framing of provident Fund Regulations.—The Corporation may, subject to the previous approval of the Central Government, make regulations to provide for all other matters incidental to or necessary for the Provident Fund.

FORMS

FORM 1.

(See Rule 21).

Book Number Receipt Number

Received from .....

.....the sum of Rs.....

(in words) ..... on

account of.....

Rs.....

Chief Accounts Officer

Authorised Officer

Entered in Cash Book Page No.....

Accountant.

Book Number Receipt Number

Received from .....

.....the sum of Rs.....

(in words) ..... on

account of .....

Rs.....

Chief Accounts Officer

Authorised Officer

The Employees' State Insurance Corporation.

[No. SS.122(1)]

N. M. PATNAIK, *Dy. Secy.*